

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE

Flathead National Forest, Box 147,
Kalispell, MT 59901 (406) 755-5401

5430 Exchange

REPLY TO:

Anaconda - Teakettle Exchange

SUBJECT:

Lands and Minerals Staff Officer

TO:



Following are items discussed in a meeting held at the Flathead National Forest Supervisor's Office on February 9, 1981.

Those in attendance:

Anaconda Company

Lee Smith
Bob Sheldon
Jack Canavan

Forest Service

Mike Conner
John Emerson
Harry McAllister

The discussions centered around the pending land exchange between the Flathead National Forest and The Anaconda Company on Teakettle Mountain. The following items were discussed:

1. Legislative concerns.
2. Unsurveyed lands on Teakettle.
3. Appraisals.
4. Mineral Rights.
5. Schedule of events.
6. Contact.

1. Legislative - During earlier meetings, Anaconda expressed several concerns surrounding pending legislation that could affect the continued operation of the Aluminum plant at Columbia Falls. These were: (1) BPA power guarantee and (2) State omission standards. Item 1 has been passed by Congress and is now law. Item 2 is now before the State Legislature and the Anaconda officials felt satisfactory changes would be made in the State Emission Controls to conform more closely with Federal Standards. Completion of the proposed exchange would be dependent on a change in these standards.

2. Unsurveyed Lands on Teakettle - The Federal lands include an unsurveyed section corner. The BLM is scheduled to begin surveying in the area early this summer (June). Their first priority will be the above section corner. It appears that an approved plat will not be available until March 1982 at the earliest. Anaconda did not feel this was a problem as it is an interior corner and considered it a minor

stumbling block in a complex exchange. They did offer whatever help they could on pressing for an earlier completion of the platting process.

3. Appraisals - Preliminary value indications were discussed with the understanding that no reviews had been completed. A somewhat detailed discussion of the non-Federal appraisal was made in order to provide Anaconda with an understanding of how the appraisal value was reached. This discussion was necessary as future negotiation with Silver Bow - Flathead Realty would require this data. However, no offers or firm dollar commitments for purchase of the Silver Bow property will be made until after the appraisal has been approved at the Washington Office. The Federal land appraisal was also discussed and included an explanation of how value was reached in conjunction with the restricted lands versus nonrestricted lands. The preliminary value indications showed that an imbalance in value in excess of the donation formula existed between the Federal and non-Federal lands. We proposed to Anaconda that the N $\frac{1}{2}$ of section 24, T. 31 N., R. 20 W., (Federal land) be added to balance the exchange. The additional land would balance the exchange considering the donation formula. Anaconda was receptive to this idea and offered no objections.

4. Mineral Rights - Silver Bow Realty has indicated they wish to reserve the mineral rights on the non-Federal lands. The Forest Service may or may not reserve the minerals depending on the mineral survey to be completed this summer. Anaconda would not object to receiving the Federal lands without minerals. However, a final decision on this matter will be made after completion of the mineral survey.

5. Schedule of Events - This discussion surrounded future negotiations for purchase of the Silver Bow property by Anaconda and completion of the exchange case work by the Forest Service. We indicated a target date of mid-summer for completion of Environmental Analysis (Exchange Report), specialist reports, and firm option on purchase of Silver Bow property. Forest Service will notify Anaconda as soon as appraisals are reviewed so they can begin final negotiations with Silver Bow.

6. Contact - Mike Conner has been moved into the Public Information Officer position and will no longer be the primary contact. Future contacts will be made through Harry McAllister. John Emerson indicated he has no problem with Mike being involved in future discussions if Harry is not available.

HARRY MCALLISTER
Zone Exchange Specialist

HMcAllister:bjt 02/17/81